BELLSOUTH

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August 12, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RE: In the Matter of Calling Party Pays Service Option in Commercial Mobile Radio Service WT Docket No. 97-207
Ex Parte

ORIGINAL

Dear Ms. Salas:

This is to inform you that on August 12, 1998, Gary Hight, Christopher Mangum and Ben Almond, all of BellSouth Corporation met with John Cimko, David Siehl and Joseph A. Levin of the Policy Division, Wireless Telecommunication Bureau concerning the above referenced proceeding. The attached document was used for discussion purposes.

Please associate this notification and accompanying material with the docket proceeding.

Questions concerning this matter should be directed to the undersigned.

Sincerely,

Ben G. Almond

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Vice President-Federal Regulatory

Attachment

cc: John Cimko
David Siehl
Joseph A. Levin

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Analysis of Calling Party Pays (CPP)

WT Docket 97-207

EXPEDITED FCC ACTION ON CPP IS NOT NECESSARY

- The evidence offered in the record (NOI & CTIA round) does not support undertaking an NPRM
- Scant empirical evidence exists as to CPP's domestic viability
- Minimal public interest in CPP
  - Consumer groups did not file in support of CPP
- Current industry standards activities and ongoing market trials obviate need for FCC involvement
- State/Federal jurisdictional authority over CPP remains an issue

THE DOMESTIC AND INTERNATIONAL MARKETS ARE VASTLY DIFFERENT

- No evidence offered that CPP will spur wireless market growth
  - In fact, the USA has higher penetration (19%) than Europe (11%), where CPP is the norm
- When implemented internationally, CPP was mandatory, not a service option
- Foreign/domestic markets differ in:
  - wireline penetration
  - acceptance of measured wireline pricing
  - mobile market growth stage

BUSINESS ANALYSIS SHOWS CPP MAY BE AN UNATTRACTIVE CELLULAR OFFERING

Key cellular drivers of CPP Value:

- **Price per minute**: not competitive in today's environment of bulk calling plans and increased service options
- **CPP take rate**: high take rate may be unrealistic
- **Wireless stimulation**: no support that CPP will increase customer growth & usage
- **Initial investment**: Cost of implementation may offset gains

THE FCC SHOULD NOT MANDATE LEC CPP BILLING

- BOCs must provide "information sufficient for billing and collection" under §251 of the Telecom Act
- CTIA states there is "no need for LECs to provide CPP billing"
- The FCC detariffed billing and collection in 1986; no need to re-tariff a billing and collection service now
- Third party billing solutions are emerging
  - AG Communications Systems; GTE

COMPETITIVE MARKET FORCES SHOULD DICTATE CPP'S DEVELOPMENT

- Neither the FCC nor industry currently knows how to effectively and efficiently implement CPP
- The FCC should allow the overall CPP market to develop free from regulatory interference
- FCC should not mandate a service with questionable demand
- Market trials and competitive developments will bring about CPP innovations more efficiently than regulatory mandate
- Regulatory involvement is necessary only if the CPP marketplace develops in an anti-competitive manner